

# The New York Times

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Sunday, July 20, 2003

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## Lobbying to Keep Economic Identity

By Phillip Lutz

Long Island's image as New York City's bedroom began to take shape almost as soon as William J. Levitt broke ground in 1947 for what was to become the prototypical postwar suburban community, Levittown. Over the years, the image has taken on mythic proportions.

But like many myths, this one is only partly true. The ranks of city-bound commuters have barely grown in 40 years, while the number of Long Islanders who live and work on the Island has more than doubled. Politicians, planners, economists, labor analysts and business people say Long Island has forged a separate economic identity.

The issue of economic independence has taken on an urgency in recent weeks as Long Island fights to regain an official federal designation as a separate metropolitan area. Early last month, to the outrage of Long Island officials, the federal Office of Management and Budget downgraded Nassau and Suffolk Counties to a division of a 23-county New York City metro area, a decision that could affect the counties' ability to win federal grants, to compare the Island with other populous regions and to attract new business. Responding to the outcry, the O.M.B. late last month agreed to reopen, until Sept. 30, the period of comment on its redesignation. Long Islanders are stepping up to make their case.

"If you're part of Long Island's economy, if you live here, if you work here, then you know that we are not a division of New York City, as the federal government is arguing," said Representative Steve Israel, Democrat of Huntington. "We are our own independent ecosystem, and we are our own independent economy."

Long Island's dependence on New York City as a job market has been declining steadily for four decades, said Roy Fedelem, a principal planner with the Long Island Regional Planning Board. From 1960 to 2000, the number of Long Island residents who work in Nassau or Suffolk Counties rose sharply, from 423,000 to 992,000, Mr. Fedelem said. At the same time, the number of Nassau and Suffolk residents who work in the five boroughs changed little, rising from 216,000 to 278,000. As a result, the proportion of Long Island residents who work in the city dropped by a third, to 21.5 percent from 33.2 percent in 1960.

"Long Island has developed into an economic entity with its own center and its own

dynamics," said Gary Huth, a longtime analyst with the State Labor Department. He said the O.M.B.'s reclassification "doesn't fit the pattern of what's evolving in reality in terms of the economy of the region."

Some experts go further, arguing that the central-city concept itself has outlived its usefulness. "Given the outward movement of waves of economic activity, the entire concept is no longer valid, no longer a logical way of designating metropolitan areas," said Pearl Kamer, the chief economist for the Long Island Association and a member of the delegation that in 1972 first convinced federal officials to classify Long Island a metropolitan area. "It comes a cropper when you apply it to Long Island, but I suspect that it's invalid for other areas as well."

Mr. Israel said that the suburbs of Los Angeles and Detroit are facing the same situation as Long Island.

No one is arguing that commuters are not important to the economic life of suburbia in general or Long Island in particular. "Long Island's economy has developed its own identity," said Christopher Jones, the director of economic programs for the Regional Plan Association, a private planning group in Manhattan, "but there are still strong interdependencies between New York City and Long Island."

Although the number of Long Islanders who commute to New York City has not changed much in 40 years, nearly 4 in 10 of the commuters are executives or professionals. They wield an estimated 30 percent of the purchasing power on the Island, so when they cut back, the Island's retail sector feels it.

But it is a measure of Long Island's economic independence that it has weathered the current downturn more successfully than the city, Dr. Kamer said. "Clearly, there are divergent trends in the two economies," she said. "Either because of 9/11 or because of its undue dependence on financial services and the subsequent shakeout in financial services, New York City's economy has been severely hurt in this business downturn. Long Island's economy is flat, but we really have not been seriously hurt."

In the 12 months ending in May, the latest figures available, Dr. Kamer said, Long Island gained 2,200 jobs while the city lost 62,000. Unemployment has risen over the last three years in both areas, but the city's jobless rate remains twice the Island's: 7.8 percent for the city in May versus 3.8 percent for the Island.

"The unemployment rate is based on where people live," Dr. Kamer said, "so if we were intimately linked with the New York City economy, we would have had a much higher unemployment rate among our residents. But we are not. So I think that's another piece of the puzzle showing that our economy has become relatively independent of that of New York City."

One reason Long Island has fared better in the downturn is that its companies were less involved in high-risk Internet ventures than companies in the city, said Peter Goldsmith,

the president of the Long Island Software and Technology Network, which promotes technology companies on the Island.

Venture capitalists were drawn more to the city, which ultimately worked to Long Island's benefit. "We didn't get aboard on the dot-coms," he said.

So when the dot-com bubble burst, he added, "we didn't get hurt as badly as some other places."

John Gilbert, the chief operating officer of Rudin Management, based in Manhattan, said that from the vantage point of the real estate market, the technology sectors in New York City and Long Island are "very, very different."

Rudin, in partnership with Cogswell Realty, has been seeking tenants for a 300,000-square-foot technology center on Sunrise Highway in Great River. Although the Great River center is similar in concept to a technology center that Rudin runs at 55 Broad Street, in the so-called Silicon Alley in Manhattan, its target tenants are demographically dissimilar. Those on Long Island are generally "more seasoned," he said. Typically, they are former employees of Grumman or other defense companies who are seeking to start businesses of their own.

When many of these workers were children, from the late 40's to the early 60's, Long Island could have legitimately been called a "bedroom community," Dr. Kamer said. But as the residential population increased, so did the number of businesses like banks, supermarkets and retail stores to serve them. That led to the expansion of businesses like law and accounting firms that served other businesses. The whole process moved eastward. "Certainly by the time of the 2000 census we had developed a fairly autonomous economy," she said.

There have been bumps in the road. In the late 1980's and early 1990's, banks stopped moving their back-office operations to the Island, and other businesses laid off workers. Office vacancies soared.

About the same time, military contractors, who had constituted the biggest sector operating independently of New York City, cut back sharply as the cold war ended. "Long Island was severely hurt" in the recession, Dr. Kamer said, adding that the Island lost 88,000 jobs in three years.

"Everyone was concerned about what Long Island's identity would be," said Mr. Huth of the State Labor Department.

A group of Long Island officials, the Bicolony Commission on Peacetime Economic Adjustment, was formed to look into the question. Headed by Mr. Israel, the group decided that Long Island should step up efforts to diversify its economy. Those efforts have borne fruit, Mr. Jones of the Regional Plan Association said. "Much of the success story of Long Island over the past decade is the extent to which it has remade its

economy around technology, export industry and business services," he said.

Technology in particular has begun to pick up the slack. Dr. Kamer, who serves on the board of directors of the Broadhollow Bioscience Park at Farmingdale State University, said that between 1996 and 2002, the Island added a total of more than 11,700 jobs in bioscience technology, computer technology, electronics, and engineering and research services. She expects further expansion of this sector in the next decade or two.

The Island's quest for economic independence may be coming full circle. The expansion of technology has in large part been a carryover from earlier defense work, Mr. Huth said. Now, with federal spending on the military and homeland security on the rise, the defense sector is showing new life.

For the first time in years, Northrop Grumman showed a net gain in employment on the Island in 2002, adding 150 jobs, according to the Defense Contract Management Agency, which monitors military contractors for the Department of Defense. Northrop Grumman expects to hire another 300 workers this year to work in Bethpage, said a company spokesman, John Vosilla.

Like other military contractors on the Island, Northrop Grumman is advertising jobs in the want ads, and the company's Web site lists more than 100 positions available in Bethpage, mostly for engineers.

Mr. Israel has been trying to get the Island's military contractors to cooperate to improve their chances of winning contracts from the Defense and Homeland Security Departments. "We made a decision 10 years ago that we had to diversify to preserve our economic independence," he said. "Now we need to make a new decision to dediversify to preserve our economic independence."

Meanwhile, he said, he is trying to reverse the Office of Management and Budget's decision to reclassify Long Island as part of the New York City metropolitan area. "I'm focused on trying to undo a bad bureaucratic decision that could eclipse our identity," Mr. Israel said. He said that the acting director of O.M.B., Augustine T. Smythe, had satisfied him that program funding for nonprofit organizations and municipalities would be preserved during the reopened period for public comment. In a letter to Mr. Israel dated June 26, Mr. Smythe wrote, "Our guidance to the federal agencies will state that if they have been using the Primary Metropolitan Statistical Areas for program administrative and fund allocation purposes, the Metropolitan Division definitions would be the comparable geographic units to use under the new classification."

But that didn't satisfy Mr. Israel's concerns about the long term. "We've got to keep our eye on the ball," he said. "We just got a new lease on life. If we don't get organized on this and focus on this and build a strategy before Sept. 30, it would be absolutely devastating, not only to our economy and not only to our identity but to the notion that we could work together for the common good."

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